

PRESS RELEASE

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Monthly business survey – August 2021

Business confidence down slightly in August

- **Despite a slight dip concerning all branches of activity, business confidence remains high.**

The indicator was down in manufacturing industry despite a further revival in the employment outlook. Entrepreneurs expressed a much less favourable opinion about stock levels and were also more reserved about the outlook for demand.

Contractors in the construction sector considered that there had been an improvement on this last point, whereas all other components of the indicator for this sector have declined. In particular, business leaders mentioned a reduction in the order book and in the equipment used compared to last month.

In business services, entrepreneurs expressed a less favourable opinion about their current activity, and particularly about their expectations for general market demand. At the same time, they were slightly more optimistic about their own future activity.

Finally, in trade the decline stems from deteriorating demand forecasts, while the employment outlook has improved, as have suppliers' order predictions.

The smoothed overall synthetic curve which reflects the underlying trend in activity is continuing to rise.

Business survey indicators

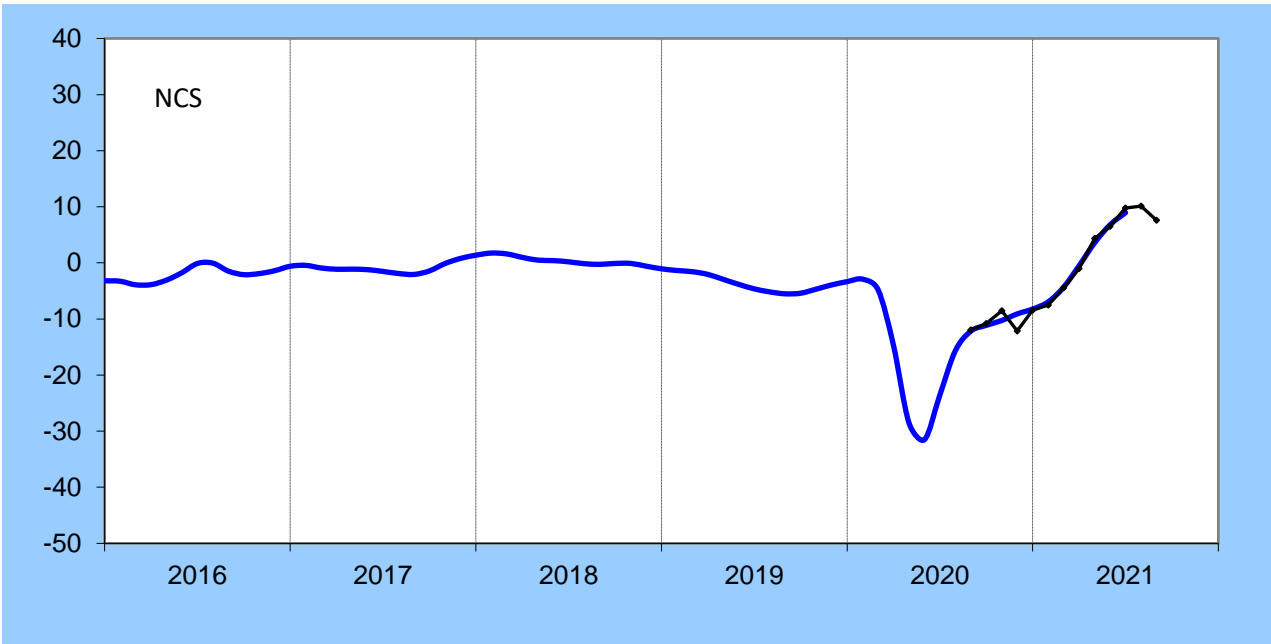
	Gross synthetic curve			Smoothed synthetic curve ¹
	July 2021	August 2021	Variation in points	Variation in Points
Manufacturing industry	10.0	7.2	-2.8	2.6
Business-related services	18.1	16.4	-1.7	5.6
Building industry	5.8	3.7	-2.1	2.9
Trade	-0.2	-1.1	-0.9	4.1
Overall synthetic curve	10.1	7.6	-2.5	2.1

¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed indicator reflects recent developments more closely than the smoothed indicators per branch.

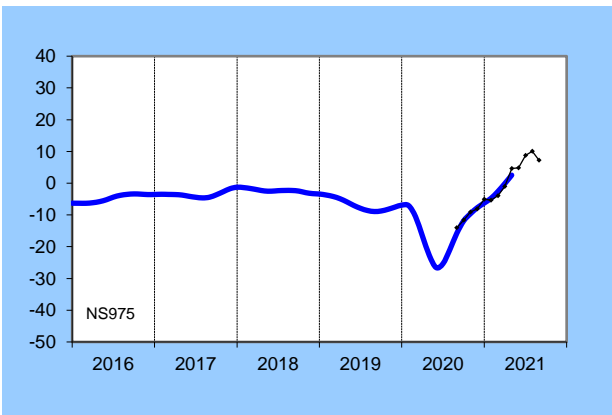
Source: NBB.

CHART 1 - SYNTHETIC CURVES

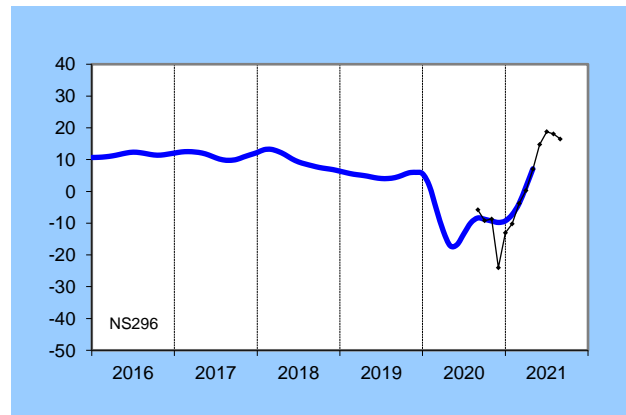
OVERALL SYNTHETIC CURVE



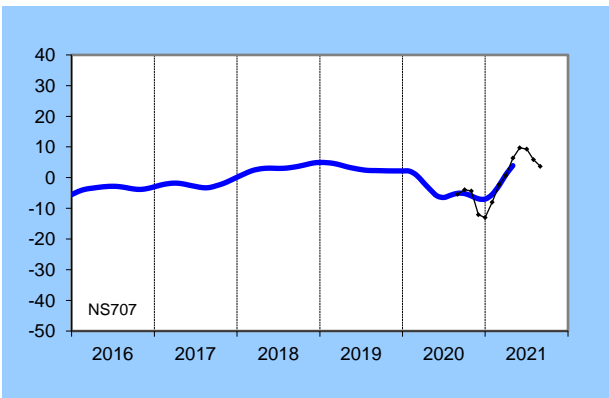
MANUFACTURING INDUSTRY



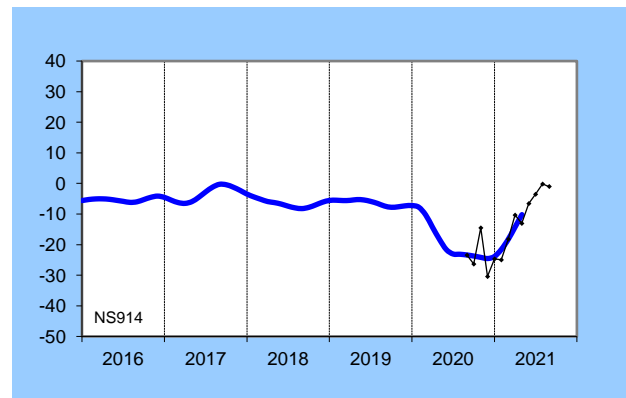
BUSINESS-RELATED SERVICES



BUILDING INDUSTRY



TRADE



— Seasonally adjusted and smoothed series
Source: NBB

◆ Seasonally adjusted series

SYNTHETIC CURVES AND THEIR COMPONENTS

TABLE 1

Seasonally adjusted balances of "positive" answers or "higher than normal"(+) and "negative" answers or "lower than normal"(-).	1980-2021 ¹			Adjusted series				Smoothed series			
				2021				2021			
	Min.	Max.	Avg.	May	June	July	Aug.	March	April	May	June
Overall synthetic curve	- 36.1	+ 10.1	- 7.1	+ 6.5	+ 9.8	+ 10.1	+ 7.6	- 0.5	+ 3.6	+ 6.8	+ 8.9
Manufacturing industry curve	- 36.0	+ 10.0	- 10.0	+ 4.9	+ 8.8	+ 10.0	+ 7.2	- 0.1	+ 2.5	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.2	- 5.6	+ 1.7	+ 1.1	+ 1.2	- 12.0	- 7.3	.	.
Assessment of level of stocks ²	- 19.0	+ 25.0	+ 5.5	- 9.3	- 13.8	- 19.0	- 7.7	- 9.2	- 10.2	.	.
Employment expectations	- 41.4	+ 11.5	- 8.4	+ 6.2	+ 9.2	+ 9.6	+ 11.5	- 0.7	+ 2.0	.	.
Demand expectations	- 37.9	+ 15.0	- 4.8	+ 9.7	+ 10.4	+ 10.5	+ 8.3	+ 3.8	+ 6.7	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.3	+ 14.8	+ 18.7	+ 18.1	+ 16.4	+ 1.5	+ 7.1	.	.
Assessment of activity	- 71.6	+ 20.0	- 6.1	- 19.1	- 11.1	- 1.9	- 3.7	- 29.5	- 23.9	.	.
Activity expectations	- 70.7	+ 51.7	+ 21.8	+ 32.8	+ 35.3	+ 24.4	+ 26.3	+ 18.9	+ 21.8	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.3	+ 30.8	+ 32.1	+ 31.9	+ 26.7	+ 14.3	+ 21.5	.	.
Building industry curve	- 39.0	+ 24.3	- 6.8	+ 9.7	+ 9.3	+ 5.8	+ 3.7	+ 1.0	+ 3.9	.	.
Trend in orders	- 52.0	+ 40.0	- 4.1	+ 12.6	+ 14.8	+ 13.6	+ 7.5	+ 3.9	+ 7.9	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	+ 10.5	+ 6.9	+ 4.6	+ 2.4	+ 2.8	+ 4.9	.	.
Assessment of order books	- 74.0	+ 30.0	- 21.8	+ 4.0	+ 6.5	+ 0.2	- 0.7	- 5.3	- 2.4	.	.
Demand expectations	- 39.0	+ 21.0	- 2.9	+ 11.7	+ 9.1	+ 4.9	+ 5.4	+ 3.0	+ 6.4	.	.
Trade curve	- 41.8	+ 16.0	- 2.8	- 6.5	- 3.5	- 0.2	- 1.1	- 14.3	- 10.2	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.0	- 7.3	+ 1.4	+ 0.1	+ 4.6	- 10.1	- 6.8	.	.
Demand expectations	- 56.0	+ 29.0	- 1.0	+ 0.6	+ 0.9	+ 7.5	- 2.6	- 16.5	- 9.7	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.7	- 12.9	- 12.9	- 8.1	- 5.2	- 16.8	- 15.1	.	.

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season. When synthetic curves are calculated, the sign of this indicator is therefore reversed.

OTHER BUSINESS SURVEY INDICATORS

TABLE 2

Seasonally adjusted balances of "positive" answers or "higher than normal"(+) and "negative" answers or "lower than normal"(-).	1980-2021 ¹			Adjusted series				Smoothed series			
				2021				2021			
	Min.	Max.	Avg.	May	June	July	Aug.	March	April	May	June
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 0.9	+ 5.3	+ 0.4	+ 10.7	+ 0.6	+ 6.1	+ 7.1	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.7	+ 8.6	- 3.6	+ 12.5	- 2.2	+ 0.5	+ 3.4	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.5	- 0.7	+ 5.2	+ 12.9	- 0.3	+ 3.6	+ 4.0	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 0.8	- 1.1	- 0.2	- 2.8	- 9.8	- 5.5	.	.
Trend in prices	- 21.0	+ 24.8	+ 1.2	+ 21.5	+ 23.1	+ 21.4	+ 24.8	+ 12.4	+ 15.6	.	.
Price expectations	- 24.0	+ 43.0	+ 6.8	+ 27.5	+ 33.5	+ 34.3	+ 33.2	+ 19.6	+ 23.8	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	78.9	-	-	81.1	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.4	+ 11.2	+ 19.2	+ 34.2	+ 11.2	+ 7.5	+ 10.9	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.6	+ 7.6	+ 10.6	+ 18.0	+ 5.3	+ 5.4	+ 6.4	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.2	+ 24.5	+ 28.3	+ 41.4	+ 38.2	+ 19.7	+ 22.6	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.7	+ 1.1	+ 3.7	+ 4.4	+ 7.1	- 1.6	- 0.3	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 11.7	+ 17.4	+ 17.0	+ 16.1	+ 8.9	+ 11.0	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 4.3	+ 7.5	+ 12.1	+ 6.9	+ 4.8	+ 0.2	+ 3.8	.	.
Trend in employment	- 38.0	+ 22.0	- 5.1	+ 2.2	+ 0.6	- 3.9	- 1.3	- 3.2	- 2.8	.	.
Employment expectations	- 50.0	+ 30.0	- 4.2	+ 22.0	+ 19.6	+ 20.2	+ 17.0	+ 9.3	+ 14.2	.	.
Trend in prices	- 27.1	+ 32.5	- 1.8	+ 16.8	+ 28.9	+ 32.5	+ 23.8	+ 3.0	+ 8.8	.	.
Price expectations	- 20.6	+ 46.1	+ 5.3	+ 34.7	+ 37.2	+ 46.1	+ 41.5	+ 7.5	+ 17.1	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 0.8	- 3.6	+ 5.5	- 5.8	+ 4.2	- 11.8	- 7.0	.	.
Assessment of sales	- 50.0	+ 28.0	- 9.4	- 3.4	+ 9.5	- 3.7	- 22.3	- 17.6	- 13.0	.	.
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.0	+ 2.7	+ 3.5	+ 1.1	+ 1.0	+ 5.4	+ 4.2	.	.
Trend in prices	- 23.5	+ 50.0	+ 1.7	+ 2.1	+ 11.1	+ 11.4	+ 10.8	- 3.6	+ 0.7	.	.
Price expectations	- 14.2	+ 66.2	+ 11.1	+ 19.2	+ 18.6	+ 19.4	+ 26.6	+ 12.9	+ 15.8	.	.

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season.

Quarterly business survey on credit conditions – July 2021

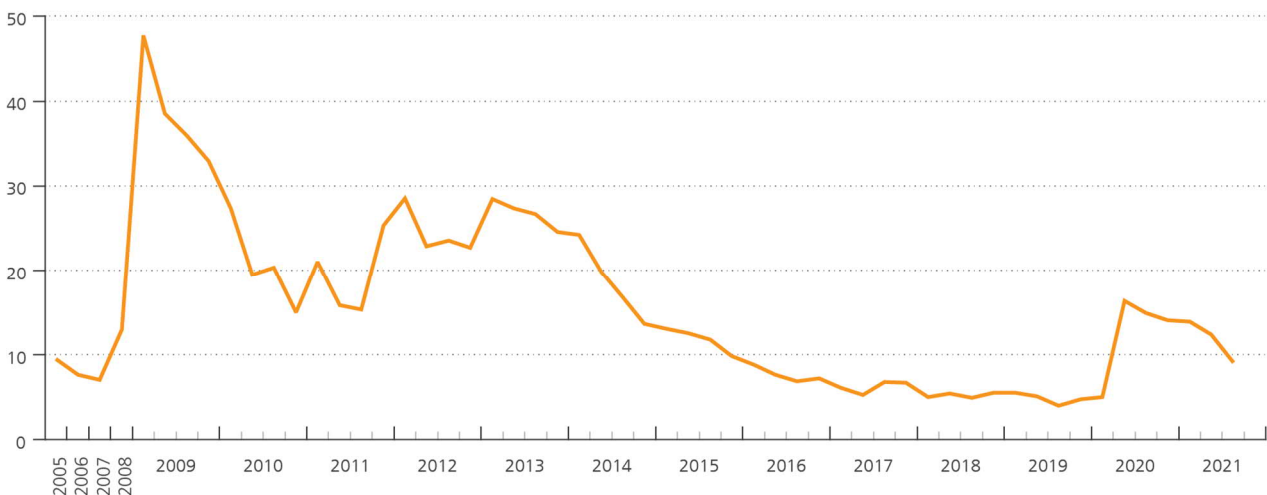
Companies say relaxation of borrowing conditions continued in July

According to the quarterly survey on the appraisal of borrowing conditions conducted in July 2021, companies considered that the general conditions for access to bank loans had continued to ease. Consequently, the credit constraint perception indicator fell back from 12.4 % in April to 9.1 % in July, thus returning to its best rate for a year and a half. Perception of credit constraint is nevertheless still higher than its pre-pandemic level.

The results per branch of activity indicate that, in comparison to the previous quarter, lending conditions were felt to be less restrictive in all branches of activity surveyed. In the manufacturing industry, 5.5 % of firms questioned perceive current credit conditions as being tight. This percentage is marginally lower than that observed in the building industry (6.5 %) but well below the figure registered in business-related services (14.8 %), which is still the branch of activity where access to bank loans is perceived as being the most difficult.

Regarding company size, some relaxation of credit conditions has been observed in all size categories, even though it has only been limited in very large firms, with 3.3 % of them saying they felt under pressure, compared with 1.5 % of large firms. Despite the perceived easing, respectively 9 and 8.4 % of small and medium-sized enterprises voicing unfavourable opinions.

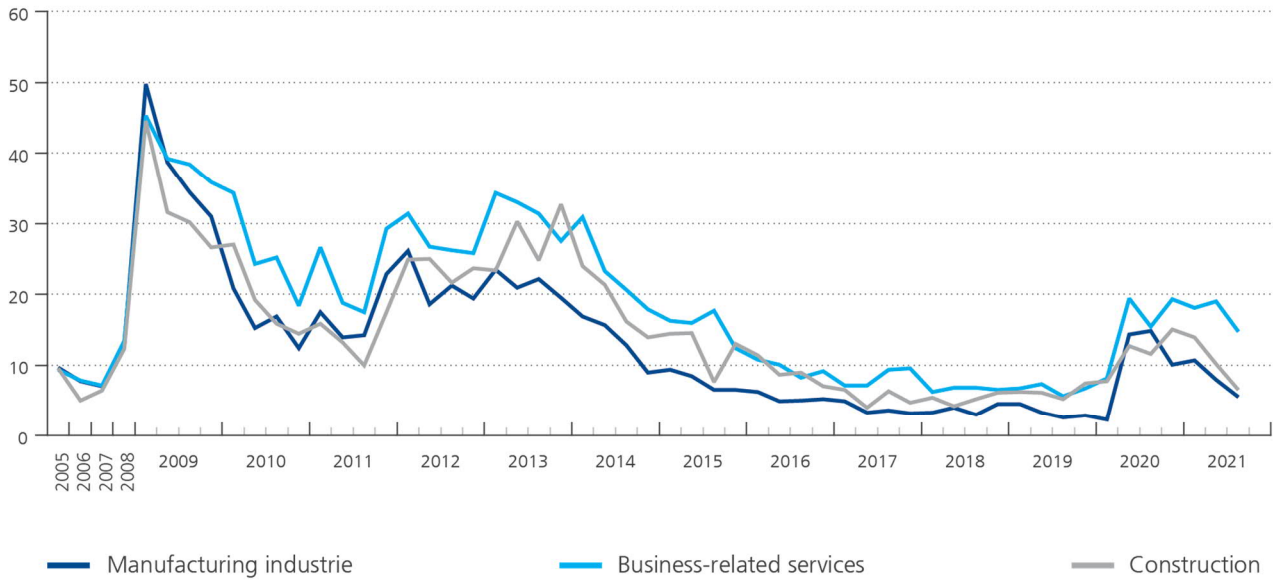
Chart 2 - Credit constraint perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

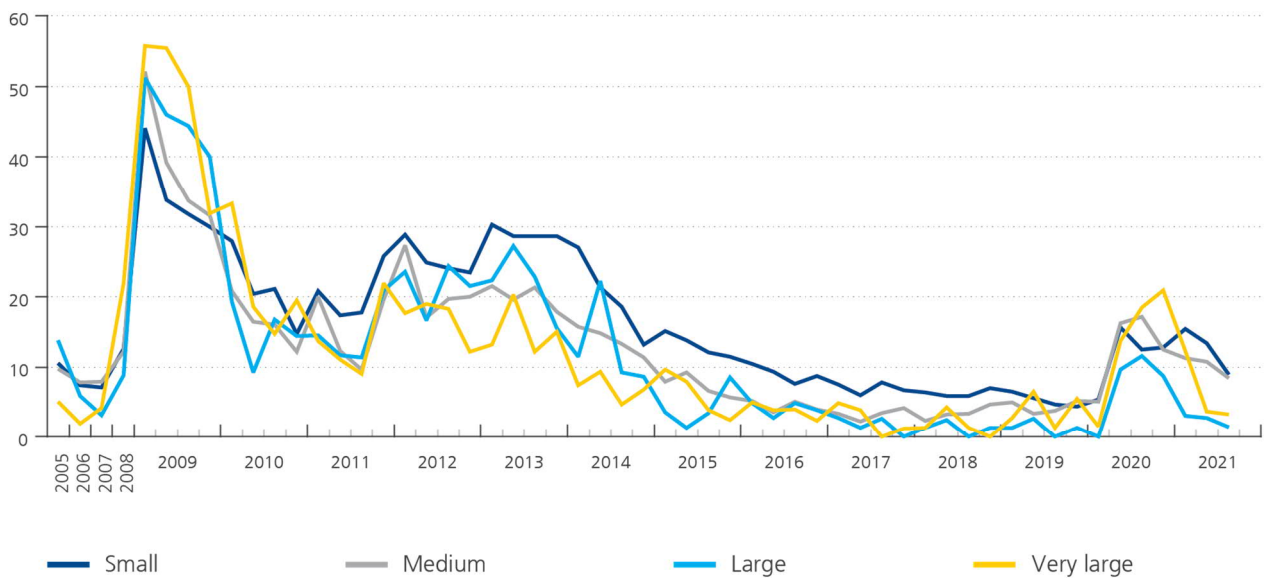
Chart 3 - Credit constraint perception¹ - Breakdown by branch of activity



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

Chart 4 - Credit constraint perception¹ - Breakdown by company size²



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

² Small = 1-49 employees; medium = 50-249 employees; large = 250-499 employees; very large = 500 or more employees.

TABLE 3 CREDIT CONSTRAINT PERCEPTION INDICATOR¹

	07-2020	10-2020	01-2021	04-2021	07-2021
Overall indicator ²	14.9	14.1	13.9	12.4	9.1
By branch of activity					
Manufacturing industry	14.8	10.0	10.7	8.0	5.5
Business-related services	15.4	19.3	18.1	19.0	14.8
Construction	11.6	15.0	13.9	10.1	6.5
By size of company³					
Small	12.5	12.8	15.5	13.4	9.0
Medium	17.2	12.5	11.2	10.8	8.4
Large	11.6	8.8	3.0	2.7	1.5
Very large	18.5	21.0	12.3	3.7	3.3

¹ Percentage of firms that perceive current credit conditions as constraining

² Weighted average of manufacturing industry, business-related services and building industry (criterion for weighting: outstanding debt with credit institutions). Within the individual branches, however, the responses of firms are not weighted.

³ Small: 1-49 employees; medium: 50-249 employees; large: 250-499 employees; very large: 500 employees or more.

Methodology on the « perception of credit constraint » by businesses

The National Bank of Belgium (NBB) publishes an indicator based on the quarterly credit condition business survey findings. This « credit constraint perception » indicator shows the proportion of firms' unfavourable assessments of the current credit conditions.

In terms of statistical properties, this appears to be more relevant than an indicator showing the level of favourable assessments or the balance between favourable and unfavourable assessments.

The new indicator is also easy to interpret, as any rise (or fall) in it means that companies feel credit conditions are tightening (or easing).

The credit constraint perception indicator, compiled by the NBB, is available on a quarterly basis since January 2009¹.

¹ The results of the quarterly survey among enterprises on credit conditions are also included and commented in the quarterly release of the Observatory for credit to non-financial companies, at the same time as the Belgian results of the ESCB-Bank Lending Survey (https://www.nbb.be/doc/dq/bls/en/bls_home.htm).